

**NEWSLETTER**

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## 1. Bank of Thailand Relaxes the Regulations on Overseas Investment and Derivative Transaction

To prevent Thai Baht from strengthening further against the foreign currencies, which apparently causes some concerns in the nation's exporting industries, the Bank of Thailand gradually allows Thai companies and individuals to remit the fund out of Thailand to invest in the foreign countries. Previously, the remittance of fund out of Thailand was more restricted than it is now. The authority at this time seems to encourage Thai companies and individuals to remit the money out of Thailand which effectively increases the supply of Thai Baht in the foreign exchange market.

Since 2007 the Bank of Thailand has been continuously relaxing the regulations on currency exchange control, allowing Thai companies and individuals to make the foreign direct investment and to make the overseas securities investment. In February 2010, the Bank of Thailand further relaxes the regulations as follows.

### 1. Foreign Investment

The Bank of Thailand allows a company to invest in the foreign country in an unlimited amount. Furthermore, the Bank of Thailand extends the allocated amount of investment in overseas securities granted to the Securities and Exchange Commission from US\$ 30 Billion to US\$ 50 Billion. The changes are made to add the stability of fund flows and to open more investment channels to the business sector and the ordinary people in Thailand.

### 2. Derivative Transactions for Hedging the Risks

Importers and exporters are now allowed to terminate any derivative transaction that is entered into for protecting the exchange rate risk for the prices of goods and services in every case. This relief allows the importers and exporters to have more flexibility in management of the risk arising from the currency exchange rate. Moreover, it would help develop the foreign exchange market to better reflect demand and supply factors.

### 3. Other Relaxations

First, the Bank of Thailand increases the maximum amount for overseas immovable property investment from US\$ 5 Million to US\$ 10 Million. Second, the Bank of Thailand permits a Thai company to grant a loan to a non-related offshore company up to US\$ 50 Million without the need to obtain any permission on a case-by-case basis. Previously, such permission had to be obtained on the case-by-case basis. Third, the Bank of Thailand increases the amount that Thai Baht may be exchanged into the foreign currency for the purpose of depositing into a foreign currency account with a commercial bank in Thailand.

For more details, please contact our lawyer for consultation.

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# NARIT & ASSOCIATES

Attorneys at Law

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Please contact our attorney, should you require any legal assistance.

# NARIT & ASSOCIATES

Attorneys at Law

## LEGAL AND TAX SERVICES

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NARIT & ASSOCIATES is international law firm based in Bangkok, Thailand with principal areas of practice on Corporate & Commercial, Mergers & Acquisitions, Tax Planning, Litigation & Dispute Resolution, Business Contracts/Agreements, Real Estate & Construction, Insurance and Employment.

We have experiences in advising our clients, from publicly held companies, Thai subsidiaries of multinational corporations to foreign and private investors, across a broad range of matters, including acquisitions of local companies, formation of joint venture companies, international sales, investment/divestment, distributorship, commercial contract tax planning, cross border tax planning, transfer pricing, remittance of profit and tax dispute.

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